

Message Text

LIMITED OFFICIAL USE

PAGE 01 ROME 05592 191117 Z

10

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ADP-00 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08

CEA-02 PA-03 PRS-01 USIA-12 RSR-01 /162 W

----- 125781

P R 191015 Z JUN 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 9378

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMCONSUL MILAN

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

LIMITED OFFICIAL USE ROME 5592

E. O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ITALIAN EXCHANGE MARKET DEVELOPMENTS

PASS TREASURY AND FRB

REF: ROME 5478

1. SUMMARY. LIRA RECOVERED SOMEWHAT IN EXCHANGE
MARKETS JUNE 18 AND EARLY JUNE 19 FOLLOWING ANNOUNCEMENTS OF ANTI-
INFLATION CREDIT MEASURES REPORTED SEPTEL. PROVISIONAL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ROME 05592 191117 Z

DATA SHOW FIVE- MONTH BALANCE OF PAYMENTS DEFICIT OF \$1,334 MILLION, INDICATING CONTINUING INTERVENTION BY BANK OF ITALY TO AVOID EXCESSIVE DEVALUATION OF LIRA. END SUMMARY.

2. ROME- MILAN AVERAGE COMMERCIAL LIRA RATE AT FIXING JUNE 18 WAS 607.25 LIRE PER DOGLAR, COMPARED TO 617.25 ON JUNE 15. AVERAGE FINANCIAL LIRA RATE WAS APPRECIATED TO 618.725 FROM 623.40. WEIGHTED AVERAGE DEPRECIATION SINCE SECOND DOLLAR DEVALUATION IN FEBRUARY, ACCORDING TO "24- ORE" INDEX, WAS 18.14 PERCENT COMPARED TO 19.76 PERCENT JUNE 15 AND 21.75 PERCENT, LOW POINT, ON JUNE 14. HEAD OF FOREIGN DEPARTMENT OF BANK OF ITALY TOLD TREASATT THAT BANK HAD INTERVENED MODESTLY ON JUNE 18 TO ENCOUAGE LIRA RECOVERY. HE DENIED THAT BANK HAD INTERVENED ON BOTH SIDES OF MARKET ON JUNE 14 BLACK THURSDAY, AS HAD BEEN REPORTED IN MILAN BANKING CIRCLES (SEE REFTEL). IN FACT, BOI DID NOT INTERVENE AT ALL THAT DAY.

3. PROVISIONAL MONETARY MOVEMENTS DATA FOR FIRST FIVE MONTHS OF 1973 SHOW GLOBAL BALANCE OF PAYMENTS DEFICIT OF \$1,334 MILLION (CONVERTED AT 581.50 LIRE PER DOLLAR). FOR GAST HALF OF MAY ALONE, DEFICIT WAS \$307 MILLION. FIVE- MONTH DEFICIT HAS BEEN FINANCED FROM OFFICIAL RECERVES TO EXTENT \$591 MILLION AND BY WORSENING IN COMMERCIAL BANKS' FOREIGN POSITION BY \$743 MILLION. MOST OF DEFICIT IN LAST HALF OF MAY WAS FINANCED BY LARGE INCREASE IN NET BORROWING BY COMMERCIAL BANKS OF ALMOST \$226 MILLION. EUROMARKET BORROWING DURING MAY INCLUDED \$300 MILLION IMI LOAN, RAISING CUMULATIVE TOTAL THROUGH MAY FOR SUCH LOANS TO \$850 MILLION, OF WHICH \$200 MILLIM WAS ICIPU AND \$650 MILLION IMI. PRESS NOW REPORTING NEGOTIATION OF \$200 MILLION LOAN BY IRI AND INDICATES STATE RAILWAY LOAN MAY BE \$150 MILLION RATHER THAN PREVIOUSLY- REPORTED \$200 MILLION OR MORE. COMMERCIAL AND FINANCIAL LIRE IN EXCHANGE MARKET MORNING OF JUNE 19 WERE TRADING AT 600-602 AND 608-612, RESPECTIVELY. DECONTROL 12/31/77 VOLPE

LIMITED OFFICIAL USE

NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ROME05592
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730624/aaaajhmr.tel
Line Count: 104
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 09 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09-Aug-2001 by kellerpr>; APPROVED <13-Sep-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 980217
Subject: ITALIAN EXCHANGE MARKET DEVELOPMENTS
TAGS: EFIN, IT
To: BERN
BONN
BRUSSELS
EB
EC BRUSSELS
LONDON
MILAN

SECSTATE WASHDC

THE HAGUE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005